

FINANCE

Contract signed at Versailles February 25, 1783

*Ratified by the Congress of the United States (Continental Congress)
October 31, 1783*

Ratified by France December 21, 1783

Ratifications exchanged at Paris about January 1, 1784

Entered into force January 1, 1784

Expired upon execution of contract

17 Stat. 797; Treaty Series 83½¹

CONTRACT BETWEEN THE KING AND THE THIRTEEN UNITED STATES OF NORTH AMERICA

[TRANSLATION]

The reestablished peace between the belligerent powers, the advantages of a free commerce to all parts of the globe, and the independence of the thirteen United States of North America, acknowledged and founded on a solid and honorable basis, rendered it probable that the said States would be in a condition to provide hereafter for their necessities, by means of the resources within themselves, without being compelled to implore the continuation of the succors which the King has so liberally granted during the war; but the Minister Plenipotentiary of the said United States to His Majesty having represented to him the exhausted state to which they have been reduced by a long and disastrous war, His Majesty has condescended to take into consideration the request made by the aforesaid Minister in the name of the Congress of the said States for a new advance of money to answer numerous purposes of urgent and indispensable expenses in the course of the present year; His Majesty has, in consequence, determined, notwithstanding the no less pressing necessities of his own service, to grant to Congress a new pecuniary assistance, which he has fixed at the sum of six millions livres tournois, under the title of loan and under the guaranty of the whole thirteen United States, which the Minister of Congress has declared his acceptance of, with the liveliest acknowledgments in the name of the said States.

And as it is necessary to the good order of His Majesty's finances, and also useful to the operations of the finances of the United States, to assign periods

¹ For a detailed study of this contract, see 2 Miller 115.

for payment of the six millions livres in question, and to regulate the conditions and terms of reimbursement, which should be made at His Majesty's royal treasury at Paris after the manner of what has been stipulated for the preceding advances by a former contract of the 16th July, 1782^a—

We, Charles Gravier, Count de Vergennes, etc., Counselor of the King in his Councils, Commander of his Orders, Chief of the Royal Council of Finances, Counselor of State, etc., Minister and Secretary of State and of his Commands and Finances, invested with full powers by His Majesty, given to us for the purpose of these presents—

And we, Benjamin Franklin, Minister and Plenipotentiary of the United States of North America, likewise invested with powers by the Congress of said States for the same purpose of these presents, after having compared and duly communicated to each other our respective powers, have agreed upon the following articles:

ARTICLE 1

The payment of the six millions livres, French money, above mentioned, shall be made from the funds of the royal treasury, in proportions of five hundred thousand livres during each of the twelve months of the present year, under the acknowledgments of the Minister of the said United States, promising, in the name of Congress and in behalf of the thirteen United States, to reimburse and refund the said six million livres in ready money at His Majesty's royal treasury, at the house of the Sieur Grand, banker at Paris, with interest at five per cent per annum, at periods hereafter stipulated in the third and fourth articles. The advances which His Majesty has been pleased to allow to be made on account of the six millions in question, shall be deducted in the payments of the first month of this year.

ARTICLE 2

For better understanding the fixing of periods for the reimbursement of the six millions at the royal treasury, and to prevent all ambiguity on this head, it has been found proper to recapitulate here the amount of the preceding aids granted by the King to the United States, and to distinguish them according to their different classes. The first is composed of funds lent successively by His Majesty, amounting in the whole to the sum of eighteen million livres, reimbursable in specie at the royal treasury in twelve equal portions of a million five hundred thousand livres each, besides the interest, and in twelve years, to commence from the third year after the date of the peace, the interest, beginning to reckon at the date of the peace, to be discharged annually, shall diminish in proportion to the reimbursement of the capital, the last payment of which shall expire in the year 1798.

The second class comprehends the loan of five millions Dutch florins, amounting, by a moderate valuation, to ten millions livres tournois, the said

^a TS 83¼, *ante*, p. 783.

loan made in Holland in 1781 for the service of the United States of North America, under the engagement of the King to refund the capital, with interest at four per cent per annum, at the general counter of the States General of the United Provinces of the Netherlands in ten equal portions, reckoning from the sixth year of the date of said loan; and under the like engagement on the part of the Minister of Congress and in behalf of the thirteen United States, to reimburse the ten millions of said loan in ready money at the royal treasury, with interest at four per cent per annum, in ten equal portions of a million each, and in ten periods from year to year, the first of which shall take place in the month of November, 1787, and the last in the same month, 1796; the whole conformable to the conditions expressed in the contract of 16th July, 1782.

In the third class are comprehended the aids and subsidies furnished to the Congress of the United States under the title of gratuitous assistance from the pure generosity of the King, three millions of which were granted before the treaty of February, 1778, and six millions in 1781; which aids and subsidies amount in the whole to nine millions livres tournois. His Majesty here confirms, in case of need, the gratuitous gift to the Congress of the said thirteen United States.

ARTICLE 3

The new loan of six millions livres tournois, the subject of the present contract, shall be refunded and reimbursed in ready money at His Majesty's royal treasury in six equal portions of a million each, with interest at five per cent per annum, and in six periods, the first of which shall take place in the year 1797, and so on from year to year until 1802, when the last reimbursement shall be completed.

ARTICLE 4

The interest of five per cent per annum of the capital of the six millions mentioned in the preceding article shall begin to be reckoned from the 1st of January of the year 1784 and shall be paid in ready money at His Majesty's royal treasury at Paris on the same day of each year, the first of which shall take place the 1st of January, 1785, and so on from year to year until the definitive reimbursement of the capital; His Majesty being pleased, by a new act of generosity, to present and remit to the thirteen United States the partial interest of the present year, which the underwritten Minister of Congress has declared to accept with acknowledgment in the name of the said United States.

ARTICLE 5

The interest of the capital of the six millions shall diminish in proportion to the reimbursements at the periods fixed in the preceding article, Congress and the United States reserving, however, the liberty of freeing themselves by anticipated payments, should the state of their finances admit.

ARTICLE 6

The contracting parties will reciprocally guarantee the faithful observation of the foregoing articles, the ratifications of which shall be exchanged in the space of nine months from the date of this present contract, or sooner if possible.

In faith whereof we, the Ministers Plenipotentiary of His Majesty and the Congress of the thirteen United States of North America, in virtue of our respective full powers, have signed the present contract and thereunto affixed the seal of our arms.

Done at Versailles the twenty-fifth day of February, one thousand seven hundred and eighty-three.

GRAVIER DE VERGENNES [SEAL]

B. FRANKLIN [SEAL]